

PROPOSAL EVALUATION

Proposition 84 Integrated Regional Water Management (IRWM) Grant Program

Implementation Grant, Round 1, FY 2010-2011

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|-----------------------|--|----------------------------|--------------|
| Applicant | Mojave Water Agency | Amount Requested | \$10,000,000 |
| Proposal Title | 2010 Proposition 84 Integrated Water Management Implementation Grant Application | Total Proposal Cost | \$24,146,000 |

PROPOSAL SUMMARY

Three projects are included in this proposal: (1) Hi-Desert Water District Wastewater Treatment and Water Reclamation Project, (2) Joshua Basin Water District Recharge Basin and Pipeline Project, and (3) Mojave Water Agency Turf Removal Conservation Incentive Program.

PROPOSAL SCORE

| Criteria | Score/ Points Possible | Criteria | Score/ Points Possible |
|--|---------------------------|---|---------------------------|
| Work Plan | 15/15 | Economic Analysis – Water Supply Costs and Benefits | 6/15 |
| Budget | 4/5 | Water Quality and Other Expected Benefits | 6/15 |
| Schedule | 5/5 | Economic Analysis – Flood Damage Reduction | 3/15 |
| Monitoring, Assessment, and Performance Measures | 4/5 | Program Preferences | 10/10 |
| Total Score (max. possible = 85) | | | 53 |

EVALUATION SUMMARY

The following is a review summary of the proposal.

Work Plan

The criterion is fully addressed and supported by thorough and well-presented documentation and logical rationale. The application includes a detailed and specific Work Plan that adequately supports the Proposal. The work plan contains goals and objectives of the Proposal and thoroughly explains how the Proposal relates to the adopted IRWM plan. The work plan includes an abstract and project status for each project in the Proposal and a map that shows the location of each project. Project linkages are adequately discussed. Tasks of each project have adequate details and help clearly understand the proposed projects. The California Environmental Quality Act (CEQA) compliance and permits along with their status are discussed. The three standalone projects serve the interests of the region and assist in diversify their water resources portfolio and protect limited groundwater supplies. Project 1's proposed Phase 1a construction of a new wastewater treatment plant addresses one of the Colorado River Basin Regional Water Board's highest priorities. The submitted plans are consistent with the design tasks included in the work plan.

Budget

The criterion is fully addressed but is not supported by thorough documentation or sufficient rationale. The applicant includes summary and specific budgets for all the projects in the Proposal. The items shown in budget for each project do agree with the work items discussed in the work plan and shown in the schedule. The probable cost estimates containing item description, quantity, units, price, equipment, tax, installation, and total costs are included for each project. The detailed costs shown for each project seem reasonable for majority of the items. However, the cost for task 1b “USGS Modeling & Monitoring Well Construction” of Project 1 seems too high based on the description of this task in the work plan. The linkage between the costs for each task in the budget tables as well as basis of the cost estimates are not explained adequately, and difficult to follow.

Schedule

The criterion is fully addressed and supported by thorough and well-presented documentation and logical rationale. The applicant has presented a detailed and specific schedule that adequately documents the Proposal and on the readiness to proceed with the Proposal. The tasks in the schedule are consistent with the tasks described in the work plan and displayed in the budget for each project in the Proposal. The schedules for all three projects are reasonable. Two out of three projects in the Proposal will be ready to begin construction within six month after the anticipated award date of June 1, 2011.

Monitoring, Assessment, and Performance Measures

The applicant presents an adequate monitoring and assessment program including performance measures that allows a determination of whether the objectives would be met. Projects 1 and 2 included in the Proposal and located in the Colorado River Funding Area are consistent with the Colorado River Region Basin Plan. Project 3 located in the Lahontan Funding Area is consistent with the South Lahontan Region Basin Plan. However, some of the performance measures of the project’s effectiveness rely on an accurate and complete groundwater flow model, which currently is in draft form. Information regarding the aquifer response to the recharge activities is not provided in the proposal nor any assurances provided on the project’s goal of reversing the basin’s overdraft condition would be achieved.

Economic Analysis – Water Supply Costs and Benefits

Only average levels of benefits relative to costs can be realized through this proposal; the quality of the analysis is moderate and supporting documentation is partially substantiated. Two projects claim monetized water supply benefits of \$36.71 million (M). About two-thirds of this benefit is from Project 1. Costs include purchase of SWP water at \$250 per AF. Benefits are the avoided cost of new pipeline conveyance and surface water treatment.

It is not clear if the 2,000 AF of supply to recharge will be available in every year. The 2,000 AF is not a large amount relative to their supplies. If Article 21 water were not available, they might purchase water transfers, but this water would cost more. Also, from the State perspective, the 2,000 AF might have an opportunity cost for use elsewhere that should be counted.

The other monetized water supply benefits are from Project 3 which saves 1,012 AFY. Most benefit is reduced cost of purchasing SWP Table A at \$877 per AFY. Benefits of reduced replacement water and reduced groundwater pumping energy are also claimed; some of this may not be appropriate; the \$358 per AF payment appears to be a transfer within the State, not a payment for real water.

Water Quality and Other Expected Benefits

Only average levels of benefits relative to costs might be realized through this proposal; the quality of the analysis is moderate and supporting documentation is partially substantiated. Project 1 claims monetized water quality and other benefits of \$1.1789 billion. Most of this claimed benefit is associated with economic growth enabled by the project. This benefit cannot be considered because 1) Phase 1a covers a fraction of the problem area, 2) income is not a benefit, and 3) benefits associated with economic growth in this region would likely be offset by reduced growth in another region of California.

The present value of other benefits for this project (just the avoided cost of bi-weekly tank pumping in the Phase 1a area) is \$4.717 M. With the additional benefit of recharged water valued at \$1,000 per AFY, total benefits are \$6.95 M. This seems reasonable.

Economic Analysis – Flood Damage Reduction

Only low levels of benefits relative to costs can be realized through this proposal, as demonstrated by the analysis and supporting documentation. No monetized flood damage reduction benefits are claimed, but each of the three projects “contribute to flood damage reduction.” Two projects provide on-site stormwater detention, and Project 3 will promote “landscapes that will retain and percolate rainfall on-site.”

Program Preferences

The criterion is fully addressed and the applicant thoroughly documents the breadth and magnitude of the Program Preference to be implemented. The projects are designed to meet multiple program preferences including Regional integration, Resolution of water-related conflicts, Contribution to reduction of reliance on Bay-Delta waters, Drought preparedness, Water use efficiency, Climate change response, Improvements to groundwater quality, and Equitable distribution of benefits. Implementation of Project 1 addresses a critical water quality need of disadvantaged communities in the Region.